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ABSTRACT

As part of a review of functions and administrative processes, the Illinois Board of Higher Education commissioned a comprehensive evaluation of higher education grant programs. The evaluation focused on the goals defined in the policy document, "The Illinois Commitment," and the extent to which the grant programs are contributing to the achievement of these goals. The evaluation process included a review of funding trends and the policy history of each program. Statutes, administrative rules, and policy studies were reviewed. Appropriations were considered in the context of the entire higher education budget, and participation in grant programs among sectors and methods of distribution were examined. Additional information was collected in a series of meetings in August 2000. Summaries of these discussions are included in section I of this report. Section II provides the findings of the evaluation and the consultants' recommendations for consideration by the Board of Higher Education. The programs evaluated were: (1) Health Education; (2) Financial Assistance; (3) Higher Education Cooperation ACT (usually known as HECA); (4) Engineering Equipment; (5) Educational Opportunity; (6) Work Study; (7) Graduate Incentive; (8) Research Matching; (9) Illinois Century Network; and (10 ) Eisenhower. Overall, the grant programs were found to have credible policy foundations. They have been administered with close attention to the priorities for higher education, and they reflect a substantial commitment to access and success for minority students. Many of the programs leverage higher education's resources effectively. Overall, there appears to be a high level of satisfaction with the grant programs among the higher education community. Some areas for improvement are outlined. An attachment contains the goals of the "Illinois Commitment." (SLD)

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ED 446 589

# Evaluation of the Grant Programs

***September 28, 2000***

**Submitted to**

**The Illinois Board of Higher Education**

**by**

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**Illinois Board of Higher Education**
**Evaluation of Grant Programs**
*September 28, 2000*

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**Illinois Board of Higher Education**
**Evaluation of Grant Programs**
*September 28, 2000*

## Introduction

The Illinois Board of Higher Education, a state-level coordinating board, has statutory responsibilities for higher education planning and policy formulation, budget development, program approval and review, collection and analyses of information, and the administration of grant programs. As part of an ongoing review of functions and administrative processes, the Board commissioned a comprehensive examination of the higher education grant programs. While individual grant programs and projects had been evaluated on a regular basis, the Board had not previously undertaken a comprehensive examination of the grant programs collectively, as a set of tools to achieve the goals of higher education.

This evaluation focused on the goals of *The Illinois Commitment* and the extent to which the grant programs are collectively contributing to achievement of these goals. It was expected that the grant programs were sustaining their original purposes, but the evaluation considered how well these purposes are aligned with the Board's current priorities. The goals and action plan for *The Illinois Commitment* are provided in the Attachment to this report.

The evaluation process included a review of funding trends and the policy history of each program. Statutes, administrative rules, and policy studies were reviewed. Appropriations to grant programs and allocations to individual programs were considered in the context of the entire higher education budget for fiscal year 2000. Participation in grant programs among sectors and methods of distribution were examined. Based on the primary purposes of the programs, the alignment of grant funds with *The Illinois Commitment* was evaluated. The participation of private institutions and the impact of the grants were examined. These analyses are summarized in Section I of this report.

Additional information about the grant programs was collected during a series of meetings held during the week of August 21, 2000. The consultants explored evaluation questions during meetings with members of the Board of Higher Education, the Board's staff, leadership of each of the three higher education sectors, and project directors. Summaries of these discussions are also included in Section I.

Section II provides the findings of the evaluation and the consultants' recommendations for consideration by the Board of Higher Education and the higher education community.

## I. Background and Analyses

### Legislation History and Funding Trends

Each of the past three decades has seen the introduction of higher education grant programs established by new statutes or amendments to the Board's Statute. In some cases, legislation was initiated outside of the state's policy development processes, but in most cases the impetus for legislative action usually came directly from studies conducted by committees or commissions appointed by the governor, legislature, or the Board of Higher Education.

**Grant Program Statutes**

| Label | Year Enacted | Statute |
|---|---|---|
| ***Health Education*** | 1970 | Health Services Education Grants Act |
| ***Financial Assistance*** | 1971 | Illinois Financial Assistance Act for Nonpublic Institutions of Higher Learning |
| ***HECA***[1] | 1972 | Higher Education Cooperation Act |
| ***Engineering Equipment*** | 1983 | Engineering Grant Program* |
| ***Educational Opportunity*** | 1985 | Illinois Consortium for Educational Opportunity Act |
| ***Work Study*** | 1991 | Cooperative Work Study Program Act |
| ***Graduation Incentive*** | 1998 | Graduation Incentive Program* |
| ***Research Matching*** | 1998 | State Matching Grant Program* |
| ***Illinois Century Network*** | 1999 | Illinois Century Network Act |

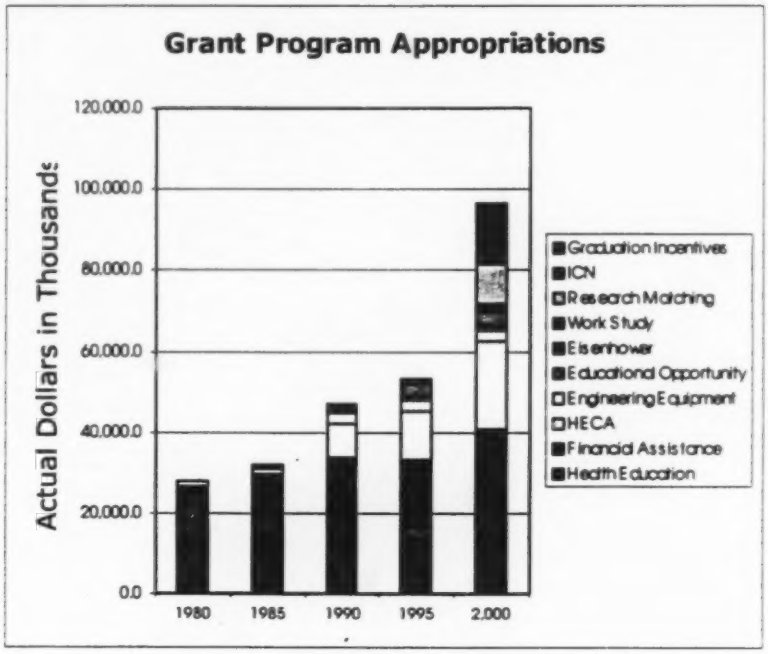
*Amendment to the Board of Higher Education Act

The trends in state appropriations for grants illustrate the relative importance and development of grant programs during the last two decades. In fiscal year 1980, the Board of Higher Education administered three grant programs—Health Education, Financial Assistance, and HECA with an appropriation of $28.1 million. By 1990, total appropriations had increased 68% to $47.1 million and two new programs had been introduced—

[1] The "HECA" acronym is widely recognized and the actual name of the program, Higher Education Cooperation Act, is less well known.

Engineering Equipment and Educational Opportunity.[2] The 1990 budget also included the federally-funded Eisenhower program.

The 1990s saw substantial increases in the HECA program as well as the implementation of major new programs. Appropriations to grant programs increased 105% from $47.1 million in FY 1990 to $96.7 million in FY 2000. During the 1990s, four programs were implemented—Work Study, Graduation Incentive, Research Matching, and Illinois Century Network. Combined, the latter two programs added $25.0 million, accounting for much of the increase during the 1990s.




## Purposes and Policies

As the Board has addressed new issues and developed policies, goals have been restated and relative priorities revised. However, underlying policy themes—access and choice, quality, cost-effectiveness, cooperation, economic development, and affordability—have not changed significantly. Administration of grant programs has been guided by the current *Master Plan* policies of the Board of Higher Education as they have been updated, revised, and refined over time. Currently, the administration of the program is guided by the *Master Plan* policies, last compiled in 1997 and by *The Illinois*

[2] For technical reasons, the presentation of 1990 appropriation for institutional grants included $10.9 million for the Illinois Mathematics and Science Academy. This amount has been excluded from the analysis.

*Commitment*, the most recent statement of the Board's major priorities, adopted in 1999.

**Access and Choice**

Access and choice are considered enduring values in Illinois higher education policies. Policy studies and early master planning in the 1960s concluded that Illinois citizens should have access to many different types of institutions and choice among a broad array of programs. Access and choice could be provided cost-effectively by supporting private colleges and universities as well as developing public universities and community colleges. Therefore, it was in the State's interest to provide direct support to private colleges and universities in addition to indirect support through student financial aid programs.

The Illinois *Financial Assistance Act for Nonpublic Institutions of Higher Learning*, enacted in 1971, provides direct grants to institutions based on numbers of Illinois students enrolled. This legislation was based on the findings of the 1969 McConnell Commission showing that many private institutions would face major deficits in the 1970s due, at least in part, to the growth of public institutions, particularly community colleges.[3] Concerned that direct support to private institutions based on enrollment might encourage institutions to increase enrollments at the cost of quality, the Commission urged that the new funds be used to improve the quality of instruction and discouraged private institutions from seeking major increases in enrollment.[4] A related Board of Higher Education paper reported, "While private institutions are facing the problem of meeting enrollment quotas, the public institutions are turning away qualified students due to a lack of facilities."[5]

*Master Plan IV* (1976) called for reducing unnecessary competition for students among public and private institutions and continued financial support for private institutions for "preserving the financial and academic integrity of these institutions and of providing a diversity of choice for students."[6] Neither the Statute nor subsequent policy development requires any more from private institutions than enrolling Illinois residents and thereby expanding access and choice. The statutory provisions and current policy objectives for the Financial Assistance program are summarized in the box below.

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[3] Commission to Study Non-Public Higher Education in Illinois, *Strengthening Private Higher Education in Illinois: A Report on the State's Role* (March 1969).

[4] In the decade following the enactment of the Financial Assistance Act, enrollment in the private sector increased 18% while enrollment in all sectors increased 51%.

[5] Illinois Board of Higher Education, *Executive Director's Report #85* (April 1970)

[6] Matsler, Franklin G. and Hines, Edward R. (1987). *State Policy Formation in Illinois Higher Education,* Illinois State University, Normal, Illinois.

The Health Education grant program was recommended in the "Campbell Report", a 1968 study of health care and educational needs, that called for state funding for expansion of programs offered by private institutions as well as development of new programs at public institutions to meet critical shortages of health professionals and changes in the health care industry.[7] This study influenced the adoption of the Health Services Education Grants Act in 1970 that authorizes grants to nonpublic institutions based on the number of Illinois residents enrolled in health education programs, and to hospitals providing residency training for public medical schools.

**Access and Choice**

| Year | Statute and Program | Policy Objectives |
|---|---|---|
| 1970 | ***Health Education.*** The *Health Services Education Grants Act* enables direct support to private higher education institutions and hospitals based on the number of Illinois residents and the number of minority students enrolled in medical and health programs. Grant rates reflect supply and demand and statewide priorities (e.g. primary care).[8] | • Balance the supply of graduates with employment demand in each field<br>• Encourage expansion of opportunities in primary care<br>• Promote service in under-served areas of the state<br>• Expand access, retention, and success of minority students in the health professions<br>*Source: Master Plan 1997,* policies adopted in 1993 |
| 1971 | ***Financial Assistance.*** The *Financial Assistance Act for Nonpublic Institutions of Higher Learning* provides direct support to private institutions[9] based on the number of undergraduate students enrolled.[10] | • Preserve and enhance the diversity of educational opportunity available to students<br>• Protect the financial condition of private colleges and universities<br>• Improve the quality of instruction<br>*Source:* McConnell Commission, 1976 and subsequent *Master Plans* |

In 1993, the Board adopted the policies that now guide administration of the Health Education program. Current policies identify primary care as the highest priority, and emphasize maintaining a balance between demand for professionals and the number of graduates of programs in medical, nursing

[7] *Education in the Health Fields for the State of Illinois* (June 1968)
[8] The Statute also permits single nonrecurring grants for planning and capital expense and grants based on the increase in the number of enrollees
[9] Rules include hospital-based diploma nursing programs and x-ray technology.
[10] The statue also permits the award of grants to individual institutions or consortia of institutions (may include public institutions) for special services or programs (examples include articulation initiatives).

and allied health fields. Grant rates were adjusted to reflect the revised policies and to "provide appropriate incentives for institutions to adjust capacity to bring supply into balance with projected occupational demand."[11]

**Cooperation**

Two grant programs—HECA and Illinois Century Network—support cooperation among institutions and organizations to achieve broad statewide education goals. The 28-year history of successful cooperative initiatives supported by the HECA program provided the foundation for the approach to developing the statewide high-speed Illinois Century Network in 1999.

**Cooperation**

| Year | Statute and Program | Policy Objectives |
|---|---|---|
| 1972 | ***HECA.*** The *Higher Education Cooperation Act* supports regional academic centers, short-term experimental programs, and educational programs of statewide significance. Funds are distributed through competitive process. Criteria include consistency with the master plan for higher education. | • Promote inter-institutional cooperation<br>• Achieve efficient use of educational resources<br>• Assure equitable distribution of educational services<br>• Develop innovative concepts and applications<br>*Source: Statute* |
| 1999 | ***Illinois Century Network.*** The *Illinois Century Network Act* establishes a high-speed telecommunications network for public institutions and organizations. Funds are distributed through interagency agreements and contracts. A competitive process was used in FY 2000 to distribute initial start-up funds for regional centers and initiate content development. | • Deliver state-of-the-art access to education, training, and electronic information<br>• Provide access to networking technologies for schools, institutions of higher education, libraries, museums, research institutions, state and local government agencies, and other agencies that provide services to citizens<br>*Source: Statute* |

The HECA program also had its foundations in the work of the 1969 McConnell Commission, which recommended the establishment of "a fund to assist in the development of programs of inter-institutional cooperation among groups of private institutions and among clusters of public and private institutions" to support a broad array of programs and services. From its

[11] *Policy Issues in Education for the Health Professions* (May 1993)

inception in 1972, the HECA program has been a flexible mechanism for the Board of Higher Education to provide incentives for groups of institutions to address the state's highest priorities, which they might have been unable or unwilling to deal with on their own. The nature of the projects has evolved as policies have been developed and priorities have been refined. While the Statute identifies support for "innovative concepts and application" among its purposes, suggesting short-term activities, it also allows formal recognition of "not-for-profit corporations organized to administer an Interinstitutional program...."

The newly created Illinois Century Network focuses on broad-based cooperation to achieve multiple goals for higher education. The Network was established in 1999 at the recommendation of a statewide Higher Education Technology Task Force that called for "network services at sufficient scale to provide its citizens with essentially universal access to education and information resources."[12] The Illinois Century Network provides funding for development and support of a telecommunications network with "high-speed access to data, video, and audio communications for schools, libraries, colleges, universities, museums, and other entities."[13]

**Economic Development**

The Engineering Equipment program, one of two grant programs designed primarily to advance the state's economic development, was a 1983 legislative initiative. Enacted during the recession of the early 1980s, the program was intended to strengthen engineering programs at both public and private universities by providing matching funds for the purchase of equipment and software. Subsequently, a study of engineering education was undertaken. The Board of Higher Education adopted policies in January of 1985 that continue to be included in the current *Master Plan*. Among other things, these policies call for correction of "deficiencies in programs." According to the policy study, there were concerns about increasing faculty-student ratios. However, the study did not provide definitive answers to questions about the adequacy of equipment.[14]

The Research Matching grant program was established in 1998 through the cooperative initiative of public and private research universities and with the support of the Board of Higher Education. The program assists institutions in meeting the matching funds requirements for federal research grant programs. Although no policy studies are associated with its development, the purposes of the program are consistent with *The Illinois Commitment's* goal related to economic growth and a specific component of the action plan,

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[12] *The Illinois Century Network: New Dimensions for Education in Illinois* (November 1988)

[13] *Illinois Century Network Backbone Content Development Fiscal Year 2000 Grant Allocations* (June 2000)

[14] *Recommendations for Engineering Education in Illinois* (January 1985)

"...to advance knowledge in a broad range of fields through basic and applied research...."

**Economic Development**

| Year | Statute and Program | Policy Objectives |
|---|---|---|
| 1983 | ***Engineering Equipment.*** An amendment to the *Board of Higher Education Act,* the *Engineering Grant Program* allows distribution of matching funds to public and private institutions for the purchase of engineering laboratory equipment and software. Awards are based on the prior year's bachelor's degrees in engineering. | The *Master Plan* identifies "correction of deficiencies in existing programs" as the highest priority for funding of engineering programs. The policy also calls for modest expansion of programs, promoting transfer, increasing enrollment of minority students, and expanding opportunities for continuing education. *Source: Master Plan 1997* |
| 1998 | ***Research Matching.*** An amendment to the *Board of Higher Education Act, the* State Research Grant Program provides matching grants to public and private institutions for meeting matching requirements for federal research projects. | • Increase federal and corporate research funds<br>• Improve institutions' research capabilities<br>*Source: Statute* |

**Minority Student Achievement**

The Educational Opportunity program was established in 1985 as a result of policies adopted by the Board that placed priority on expanding "professional development opportunities for minorities in fields leading to graduate and professional degrees, especially in fields emphasizing mathematics and the sciences."[15] Policies on minority student achievement were reexamined in 1988, and this policy was retained and continues to be included in the *Master Plan.*

[15] Illinois Board of Higher Education, *Recommended Priorities for Advancing Minority Participation in Higher Education* (May 1985) and *Priorities for Advancing Minority Participation in Higher Education* (July 1985).

**Minority Student Achievement**

| Year | Statute and Program | Policy Objectives |
|---|---|---|
| 1985 | ***Educational Opportunity.*** The *Illinois Consortium for Educational Opportunity Act* provides financial assistance, up to $10,000 annually for up to four years, to minority students for post-baccalaureate studies. | • Encourage minority students to enroll and complete academic programs at the post-baccalaureate level<br>• Improve the representation of minority faculty and administrators in higher education.<br>*Source: Statute* |

The Educational Opportunity program is one of two very similar minority fellowship programs. The second, the Illinois Minority Graduate Incentive Program, was also established in 1985 and funded through HECA. Both programs serve Illinois African Americans, Hispanic Americans, and Native Americans and both are intended to increase the representation of these groups among the faculty and staff of higher education institutions and organizations. The Educational Opportunity program includes both master's and doctoral students and provides fellowships of $10,000 for two or four years. Recipients are required to take an appropriate position in Illinois or pay back a portion of the fellowship. The HECA-supported program supports only doctoral students and has no payback provision. The programs share administrative offices and each has its own governing board.[16]

**Affordability**

The Work Study program, although career-oriented, grew out of a policy study addressing affordability. In 1988 the Student Financial Aid Study Committee recommended a work-study program that would help reduce students' reliance on loans and encourage partnerships with employers as well as enhance the academic experience.[17] After further study, the Work Study program was implemented to provide funds on a competitive basis for projects that support the academic and career objectives of participating students. Priority is given to projects that strengthen cooperation with businesses, schools, and service agencies. Policy committees on affordability

[16] McKillip, Jack, *Performance Audit of Illinois' Minority Graduate Fellowship Programs: IMGIP and ICEOP* (April 2000).
[17] *Recommendation for a Cooperative Work Program* (January 1991)

and workforce preparation in 1994 and 1996 respectively reaffirmed the policy objectives supported by this program.[18]

The Graduation Incentive program, established in 1998, is consistent with the recommendations of the 1994 Committee to Study Affordability, appointed by the Board and the Illinois Student Assistance Commission. The Committee's recommendations went beyond tuition and aid considerations, and addressed academic issues including preparation, remediation, changing majors, and factors affecting time-to-degree. The Committee recommended that institutional barriers to timely degree completion be reduced and opportunities expanded for college students who can benefit from accelerated programs.[19] The Statute resulted from a legislative initiative addressing similar objectives.

**Affordability**

| Year | Statute and Program | Policy Objectives |
|---|---|---|
| 1989 | ***Work Study***. The *Illinois Cooperative Work Study Program Act* provides grants to public or nonpublic institutions to expand work-study programs including internships, clinical placement, and cooperative programs with business and industry. | ▪ Benefit students academically & financially<br>▪ Reduce reliance on loans<br>▪ Enhance public-private partnerships<br>▪ Encourage students to seek employment in Illinois<br>*Source: Statute* |
| 1998 | ***Graduation* Incentive**. Established through an amendment to the *Board of Higher Education Act*, the Graduation Incentive Program provides incentives to public universities to offer programs and services to enable students to graduate in four years. | ▪ Increase the number of students graduating in four years<br>*Source: Statute* |

## Budget Context and Fiscal Year 2000 Appropriations

In fiscal year 2000, state appropriations for higher education operations and grants totaled $2.1 billion. Of these funds, 62% were allocated to public

[18] Committee to Study Affordability Report to the Board of Higher Education (November 9, 1994) and Strengthening Workforce Preparation: A Collaborative Action Plan (May 1996)

[19] *Committee to Study Affordability Report to the Board of Higher Education* (November 9, 1994)

universities, 14% to community colleges, and 18% to the Illinois Student Assistance Commission. Collectively, the grant programs received the next largest allocation, about 4.5% of the total appropriation to higher education for fiscal year 2000.[20]

The appropriation to grant programs represented $96.7 million, including $93.8 million in state funds and $2.9 million in federal funds. The three original programs—Health Education, HECA, and Financial Assistance—continued to be the largest programs, each with over $20 million and 20% of the total grant funds. However, the appropriations for the recently-established Matching Grant Program and Illinois Century Network account for 10% and 15% respectively. The five remaining programs each received less than $3.0 million and collectively represented less than 10% of the total grant funds for fiscal year 2000.

**Total Higher Education Appropriations FY 2000**

| | |
|---|---|
| Total | $2.1 billion |
| Universities | 62.4% |
| Community Colleges | 14.1 |
| Student Assistance | 18.1 |
| *Grant Programs* | *4.5* |
| Other | 0.9 |

**Grant Program Appropriations FY 2000**

| | |
|---|---|
| Total | $96.6 million |
| HECA | 22.4% |
| Financial Assistance | 21.4 |
| Health Education | 20.7 |
| Ill Century Network | 15.5 |
| Research Matching | 10.3 |
| Eisenhower | 3.0* |
| Engineering Equipment | 2.9 |
| Work Study | 2.1 |
| Educational Opportunity | 1.7 |
| Graduation Incentive | <0.1 |

*Federal funds

## Distribution of Grant Funds

The following table shows that all sectors of higher education, and some non-degree-granting organizations, participated in the grant programs in FY 2000. Two major programs—the Financial Assistance and Health Education programs—are reserved for private not-for-profit institutions. Public universities and community colleges participate in several other programs. For-profit institutions participate in the Work Study and Educational Opportunity programs.

[20] The remaining funds, totaling less than 1%, were allocated to the Illinois Mathematics and Science Academy, the State Universities Civil Service Systems, and the Board of Higher Education Office.

In FY 2000, all 12 public university campuses and 34 of the 38 community college districts participated in one or more grant program. Nonpublic organizations participating in programs included 65 not-for-profit degree-granting institutions, two for-profit degree-granting institutions, 30 hospitals, and five multi-institutional consortia. Although all sectors participate in the grant programs, over half of the funds are distributed to private institutions.

As shown in the following table, funds for five programs are distributed on a formula basis—using enrollment, degrees granted, or other quantitative measures. Awards may be prorated to institutions on the basis of the quantitative measures or distributed using rates defined in rules, or a combination of both methods. The Health Education program has the most complicated formula, with different grant rates for each health field and additional rates for minority enrollment. Collectively, programs using a formula for distribution represent 57% of the total funds appropriated for FY 2000 grants. The ranges in grant amounts in the non-competitive programs reflect differences in the mission and size of institutions, mix of programs, and minority enrollments.

**Allocation by Sector**
**FY 2000 Grant Programs**
(dollars in thousands)

| | | Percent Distributed to | | | | |
|---|---|---|---|---|---|---|
| | **Total Funds Distributed** [a] | **Public Univ** | **Com Colleges** | **Non-profit Private** [b] | **For-Profit Private** | **Consortia** |
| ***HECA*** | $ 21,623.8 | 42% | 23% | 31% | - | 4% |
| ***Financial Assistance*** | 20,649.6 | - | - | 100 | - | - |
| ***Health Education*** | 18,279.2 | - | - | 100 | - | - |
| ***Research Matching*** | 10,000.0 | 54 | 0 | 46 | - | - |
| | | | | | | |
| ***Eisenhower*** | 2,290.0 | 64 | 12 | 22 | - | 2 |
| ***Engineering Equipment*** | 2,758.8 | 74 | - | 26 | - | - |
| ***Work Study*** | 2,050.0 | 33 | 26 | 34 | 8% | - |
| ***Graduation Incentive*** | 50.0 | 100 | - | - | - | - |
| **Subtotal Distributed to Institutions** | $77,701.8 | $18,794.3 | $5,794.5 | 52,037.8 | $153.0 | 921.8 |
| **% of Subtotal** | 100% | 24% | 7% | 67% | <1% | 1% |
| | | | | | | |
| ***III Century Network*** | $15,000.0 | *Not included in report on institutional distributions. Represents 16% of Total Funds Distributed.* | | | | |
| ***Educational Opportunity*** | 1,600.0 | *Not included in report on institutional distributions. Represents 2% of Total Funds Distributed.* | | | | |
| **Total Funds Distributed** [a] | $94,301.8 | | | | | |
| **% of Total** | 100% | 20% | 6% | 55% | <1% | 1% |

"-" Indicates the sector is not eligible to participate in the program.
[a] The amounts distributed in Health Education, Engineering Equipment, and Eisenhower programs differed from appropriations.
[b] Includes private degree-granting institutions and hospitals

*Source: Legislative Report, "Board of Higher Education FY2000 Grant Allocations by Institution"*

**Distribution of Grant Funds**
**FY 2000**

| Program & Method | Institutions | Range |
|---|---|---|
| ***Engineering Equipment*** Formula based on bachelor's degrees in engineering. | 5 public universities<br>3 private institutions | $92,400 to $1.2 million |
| ***Financial Assistance*** Formula based on undergraduate enrollment. | 64 private institutions<br>4 hospitals | $2,100 to $2.1 million |
| ***Graduation Incentive*** Formula based on number of eligible students. | 1 public university | $50,000 |
| ***Health Education*** Formula based on total and minority enrollment. Per student rates vary by health field. | 36 private institutions<br>30 hospitals | $1,000 to $2.8 million |
| ***Research Matching*** Distribution prorated among institutions based on prior year's federal awards. | 9 public universities<br>8 private institutions | $678 to $3.0 million |
| ***Illinois Century Network*** A portion of first-year distributed through competitive process for start-up funds for Regional Centers & content development. | 8 Regional Technology Centers[21] | $519,000 to $695,000 |
| | 12 multi-institutional organizations for content development | $25,000 to $350,000 |
| ***HECA*** Competitive process. | 12 public universities<br>2 university system offices<br>29 community colleges<br>14 private institutions<br>1 hospital & 5 consortia | $8,000 to $3.1 million |
| ***Eisenhower*** Competitive process. | 12 public universities<br>7 community colleges<br>8 private institutions<br>1 consortium | $16,000 to $332,000 |
| ***Work Study*** Competitive process. | 8 public universities<br>17 community colleges<br>14 private institutions<br>2 proprietary institutions | $12,000 to $125,000 |
| ***Educational Opportunity*** Students selected competitively. Funds to institutions. | 9 public universities<br>10 private institutions | 1 to 34 students per institution at $10,000/ student |
| *Sources: Administrative Rules, FY2000 Board Items, and "Board of Higher Education FY2000 Grant Allocations by Institution"* | | |

Funds allocated to the Illinois Century Network are used for development of the backbone, leases, and support for the system, and are expended through interagency agreements and contracts. During the first year of operation, some funds appropriated for ICN were distributed by way of initial

[21] Includes schools districts, community colleges, regional offices of education, and a higher education consortium.

competitive process to support start-up activities including the establishment of regional centers and development of instructional content.

The remaining grant programs, representing 28% of the appropriated funds, are distributed through a competitive process. The Educational Opportunity program distributes funds to institutions on the behalf of students who are selected competitively. Institutions submit proposals for projects to be funded through the HECA, Eisenhower and Work Study programs. Hundreds of proposals are reviewed each year by the Board's staff and others including staff from the Illinois Community College Board and the State Board of Education. Application guidelines are revised regularly to assure that current policies and priorities are reflected in the proposals developed by institutions.

**Impact on Private Institutions**

As shown in the following table, funds distributed to private institutions through grant programs ranged from a total of $1,000 to McDonough Hospital to almost $8 million to Northwestern University.[22] Two of the major programs—Financial Assistance and Health Education—are based on enrollments, so large institutions received larger amounts. Health Education grants and the priorities reflected in the grant rates resulted in the relatively large grants to degree-granting institutions focusing on medicine and health programs.

**Largest and Smallest Totals**
**FY 2000 Total Grant Awards[23]**
(dollars in thousands)

| Largest Total Grant Awards | | Smallest Total Grant Awards | |
|---|---|---|---|
| Northwestern University | $7,906.3 | VanderCook College of Music | $13.4 |
| University of Chicago | 3,457.6 | St. Anthony Medical Center* | 10.0 |
| DePaul University | 3,396.6 | BroMenn Regional Med Center* | 8.7 |
| Loyola University | 3,068.9 | Trinity Medical Center* | 7.0 |
| Midwestern University | 3,044.6 | Lexington College | 6.4 |
| Rush University | 3,329.6 | United Samaritan Med Center* | 4.6 |
| Bradley University | 2,302.3 | Rockford Memorial Hospital* | 3.5 |
| Ill Institute of Technology | 1,794.4 | NAES College | 2.1 |
| Columbia College | 1,536.5 | St. Elizabeth Hospital* | 2.0 |
| Nat'l College-Chiropractic | 1,487.6 | McDonough Hospital* | 1.0 |

*Non-degree-granting organization
*Source: "Board of Higher Education FY2000 Grant Allocations by Institution"*

[22] Northwestern University's grants included $3 million for the Advanced Photon project.
[23] Excludes Educational Opportunity and Illinois Century Network programs.

Many private institutions received substantial amounts from multiple grant programs—70 received a total of more than $100,000 and 14 receive more than $1 million in FY 2000. The impact of the grant programs, and the dependence of institutions on them, may be illustrated by comparing the amount received to total current revenues from all sources. For most of the 53 colleges and universities reporting financial data for fiscal year 1996, grant funds represented a relatively small percentage of total revenues.[24] At 37 institutions, grants represented less than 2% of their total revenues and 11 institutions had ratios between 2% and 3.9%. However, at five institutions, primarily health and medical schools receiving substantial Health Education awards, grants represented from 4% to 12% of total revenues.

### Alignment with *The Illinois Commitment*

The following table shows the alignment of grant funds with the six general goals of *The Illinois Commitment*.[25] Of the $94.3 million distributed through grant programs in FY 2000, $41.9 million were distributed to projects supporting the Board's goal for access and diversity, "Illinois will increase the number and diversity of citizens completing training and education programs." These projects addressed both minority student achievement and general access to programs and services. Further, $33.8 million were aligned with the economic growth goal, "Higher education will help Illinois business and industry sustain strong economic growth." Lesser amounts were allocated to each of the other goals.

[24] Total grants were compared to total revenues for fiscal year 1996, the most recent year for which IPEDS financial data are available. There may be inconsistencies in the self-reported financial information among institutions, so this analysis should be considered a rough measure of reliance on grant funds.

[25] The analysis is based on the consultants' analysis of the primary purposes of the programs and formulas or decision rules used in distribution.

**Alignment of Grant Programs Funds Distributed in FY 2000* with Illinois Commitment Goals**
(dollars in thousands)

| | Economic Growth | Teaching & Learning | Affordability | Access and Diversity | Expectations & Quality | Productivity & Accountability |
|---|---|---|---|---|---|---|
| **HECA** | $4,245.0 | $1,423.0 | | $13,654.8 | $615.0 | 1,686.0 |
| **Financial Assistance** | | | | 20,649.6 | | |
| **Health Education** | 16,770.9 | | | 1,508.7 | | |
| **Illinois Century Network** | | 1,015.0 | | 4,492.0 | | 9,493.0 |
| **Research Matching** | 10,000.0 | | | | | |
| **Eisenhower** | | 2,290.0 | | | | |
| **Engineering Equipment** | 2,758.8 | | | | | |
| **Work Study** | | | $2,050 | | | |
| **Educational Opportunity** | | | | 1,600.0 | | |
| **Graduation Incentive** | | | 50.0 | | | |
| **Total** | $33,774.7 | $4,728.0 | $2,100.0 | $41,905.1 | $615.0 | $11,179. 0 |

*Source: FY 2000 Board of Higher Education Agenda Items*

## Audits and Evaluation Procedures

As shown in the following table, the Administrative Rules for each grant program usually specify evaluation methods. Most programs require that an audit be conducted. Usually, the audit focuses on compliance with the eligibility requirements and definitions of the program. For example, audit guidelines for the Financial Assistance program call for certification of enrollments and residency status and verification of the non-sectarian use of funds.

| Evaluation of Grant programs | |
|---|---|
| ***HECA*** | ▪ Evaluation submitted by recipient with "systematic and objective procedures for appraising the project..."<br>▪ Audit |
| ***Financial Assistance*** | ▪ Fall enrollment and other surveys<br>▪ Audit |
| ***Health Education***[26] | ▪ Institutions submit a report on the location and activity of the previous year's graduates<br>▪ Audit |
| ***Illinois Century Network*** | Not available |
| ***Research Matching*** | ▪ Audit<br>▪ Institutional Evaluation Report<br>▪ Annual review by external evaluators |
| ***Eisenhower*** | ▪ Audit<br>▪ Evaluation/Quality Statement |
| ***Educational Opportunity*** | ▪ *Performance Audit of Illinois' Minority Graduate Fellowship Programs: IMGIP and ICEOP* (April 2000) |
| ***Engineering Equipment*** | ▪ Audit |
| ***Work Study*** | ▪ Institutions submit a written evaluation<br>▪ Audit |
| ***Graduation Incentive*** | None specified |

## Special Considerations for HECA Program

The Higher Education Cooperation Act program is the best known and most flexible of the grant programs. During the 1990s, the HECA program grew more quickly than any other program, increasing 153%, from $8.5 million in FY 1990 to $21.6 million in FY 2000. Three significant initiatives accounted for much of the increase. A 1992 policy study called for the establishment of regional consortia to plan, conduct needs assessment, and coordinate development of an interactive television system.[27] In fiscal year 2000, $1.6 million were allocated to support these centers and a related connectivity project. Support for new multi-institutional instructional sites and systems have added $1.8 million to the HECA budget.[28] In FY 2000, $3 million were allocated to the Advanced Photon Source project, established though a

[26] The *Primary Care Medical Education Advisory Committee Act* called for data collection & evaluation including evaluation of this program.

[27] *Recommendations of the Committee to Study Underserved Areas: Enhancing Educational Opportunities* (January 7, 1992)

[28] Includes the Illinois Virtual Campus, Lake County Multi-University Center, and the Center for Advanced Education and Research.

legislative initiative to be administered through HECA. These initiatives collectively represent almost half of the increase in HECA during the 1990s.

As shown in the following table, HECA supports five of the six goals in *The Illinois Commitment.* (No projects had affordability as a primary objective.) During the past three decades, as priorities have been revised and refined, HECA funds have been redirected to provide incentives for institutions to collaborate in pursuit of state-level goals. Of the $21.6 million in HECA funds, $13.7 million are distributed to projects that support access and diversity, $4.2 to economic growth, and smaller amounts to teaching and learning, expectations and quality, and productivity and accountability.

This table illustrates two things. First, HECA-funded projects are well aligned with higher education goals. Second, the table shows that the *categories* of grants are not sharply defined. For example, some of the projects funded as economic development grants have economic growth objectives, as expected. However, many projects in the economic development category have primary objectives that are more compatible with teaching and learning, access and diversity, or expectations and quality. The regional consortia, which primarily coordinate the interactive instructional television system, are classified as economic development projects although access seems to be their primary purpose.

According to the Statute, HECA supports three kinds of projects: regional academic centers, short-term experimental educational programs, and other programs of statewide significance. In FY 2000, HECA grants supported 40 organizations that clearly have a continuing mission including regional consortia, minority transfer centers, multi-university centers, the Illinois Virtual Campus, and the Illinois Virtual High School. In addition to these organizations, 16 projects provided services that can be expected to be needed on a continuing basis, such as the Illinois Articulation Initiative, Chicago Area Health and Medical Careers Program, the Illinois Minority Graduate Fellowship program, and the Advanced Photon Source project. Many of the continuing organizations and services had been funded through HECA for five years or more. In addition to the organizations and services that have a continuing mission, 25 other projects had received HECA awards for five or more years. The descriptions of projects provided to Board members often do not specify whether a project is expected to be short term or continuing.

**Alignment of HECA Projects with Illinois Commitment Goals***
**Number of Projects and Amount of Funds**
(dollars in thousands)

| HECA Categories | Illinois Commitment Goals | | | | | | | | | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Economic Growth | | Teaching & Learning | | Access & Diversity | | Expectations & Quality | | Productivity & Accountability | | | |
| | # | Amount | # | Amount | # | Amount | # | Amount | # | Amount | # | Amount |
| **Interinstitutional** | | | 11 | $759.0 | 9 | $1,338.0 | 5 | $250.0 | 2 | $140.0 | 27 | $2,487.0 |
| **Minority Achievement** | | | 1 | 100.0 | 39 | 5,700.0 | | | | | 40 | 5,800.0 |
| **Minority Articulation** | | | | | 33 | 2,700 | | | | | 33 | 2,700 |
| **Economic Development** | 10 | $1,245.0 | 4 | 243.0 | 14 | 2,847.0 | 3 | 365.0 | | | 31 | 4,700.0 |
| **Quad-Cities** | | | | | 1 | 211.8 | | | | | 1 | 211.8 |
| **Library Resource Sharing** | | | | | | | | | 6 | 1,500.0 | 6 | 1,500.0 |
| **Advanced Photon** | 1 | 3,000.0 | | | | | | | | | 1 | 3,000.0 |
| **School-College** | | | 8 | 321.0 | 6 | 358.0 | | | 1 | 46.0 | 15 | 725.0 |
| **Lake County** | | | | | 1 | 500.0 | | | | | 1 | 500.0 |
| **Total** | 11 | $4,245.0 | 24 | $1,423.0 | 102 | $13,654.8 | 8 | $615.0 | 9 | $1,686.0 | 155 | $21,623.8 |

*No projects had affordability as a primary objective.
*Sources: Higher Education Cooperation Act Fiscal Year 2000 Grant Allocations* (August 1999), *Higher Education Cooperation Act School-College (P-16) Grant Allocations* (December 1999), *Authorization to Proceed with Contractual Agreements* (February 2000)

The broad participation of colleges and universities in the HECA program is reflected in the large number of relatively small grants. The following table shows that about two-thirds of the annual grant awards are $100,000 or less.

| Size of Award | Number of Awards | Total Funds |
|---|---|---|
| Over $500,000 | 8 | $8.2 million |
| $100,000 to $500,000 | 43 | $7.4 million |
| $60,000 to $100,000 | 50 | $3.8 million |
| Under $60,000 | 54 | $2.2 million |
| Total All Sizes | 155 | $21.6 million |

**Focus Groups**

On August 22 and 23, the consulting team met with members and staff of the Illinois Board of Higher Education, a small group of directors of grant-supported projects, and leaders of community colleges, public universities, and independent colleges and universities.

Members of the Board of Higher Education are most interested in the contribution that the grant programs were making toward achieving the goals of *The Illinois Commitment.* Board members and staff agreed that the connections to the goals of *The Illinois Commitment* needed to be stronger and clearer. Refinement, even restructuring, might be needed to better align the programs with *The Illinois Commitment.* There was general agreement among Board members and staff that the overall distribution of funds across sectors was appropriate, but some changes within programs may be needed. A Board member pointed out that some worthy projects and programs could not be sustained outside of the BHE budget and the grant programs. Staff noted that any substantial change to the current programs is likely to be met with resistance.

Board members said that they were not entirely confident that they had the information they needed to make good decisions about the distribution of funds in the HECA program. They suggested changing the mix of HECA-supported projects to include more short-term, experimental activities and noted that all HECA projects should have systematic evaluation and sunset provisions.

Community college presidents and senior staff of the Illinois Community College Board noted that higher education has changed substantially in the three decades since the original grant programs were established, and priorities need to be reexamined. With the growth of community colleges and their capacity to train health professionals, reliance on the private sector for this training may not be as important as it was 30 years ago. Further, they

stated demands for training in fields such as information technology now overshadow health education.

Community college leaders discussed the possibility of transferring support for some activities from grant programs to college budgets as restricted funds. Although they traditionally have opposed restricting funds, they agreed that this approach was appropriate in some circumstances, particularly when addressing statewide priorities.

Community college leaders also provided several other suggestions: provide better information and training for college staff about grant programs, procedures, and timetables; specify the length of time HECA and Eisenhower projects will be funded; require rigorous evaluation of continuing projects with mechanisms for discontinuation; and revise the Research Matching program to include federally-supported activities other than research.

Some public university presidents questioned whether it was time to reexamine Illinois' policy of providing direct support to private institutions, noting that private institutions are able to offer higher faculty salaries than public universities and also receive indirect support through the Illinois Monetary Award Program.

Public university presidents suggested that procedures for HECA and other competitive grants be revised to provide feedback on projects that were denied. They suggested that auditing each project, regardless of size, is a poor use of resources and does little to assure quality. Unlike private institutions, public universities are subject to examination by the Legislative Audit Commission, a process that should suffice for assuring compliance with grant program rules.

Presidents of private institutions and leadership of the Federation of Illinois Independent Colleges and Universities supported the evaluation of the grant programs and recognized the importance of aligning the programs with *The Illinois Commitment.* They suggested that BHE should require proper reporting of contributions that independent institutions make as a result of their participation in grant programs. They pointed out, for example, that the Financial Assistance program supported several goals of *The Illinois Commitment* including economic growth and access and diversity. They described the importance of the grant programs to private institutions, but mentioned that the single most important issue for independent institutions was the under-funding of the Monetary Award Program.

The support provided by the Health Education grants has been a determining factor in the continuation of these high-cost programs at several campuses. Institutions pass the benefits on to students either directly through tuition reductions for Illinois residents or indirectly through financial modeling or recruitment strategies. The leadership noted that supply and demand in the

health professions is cyclical and difficult to predict. Any reduction in support and program capacity would result in serious shortages in the future.

Representative of private institutions noted that HECA is a highly effective program that successfully promotes cooperation among sectors and substantially leverages resources. They suggested HECA, and possibly other programs, could be used more effectively to bring institutions together to address the most important priorities such as the "digital divide." For example, the regional consortia provide an excellent forum but they focus on television technology and do not address the most important issues such as transfer and articulation and shared faculty development.

In a subsequent communication, the Federation of Illinois Independent Colleges and Universities advised that its members understand the need for accountability and suggested that institutions might be asked to submit annual reports showing how grant funds have contributed to *The Illinois Commitment*. The Federation also supported the conversion of HECA into a venture capital program, providing that current programs are accommodated, and the establishment of categorical funding for long-term projects, providing that funding levels are maintained and the funds continue to be administered by the Board of Higher Education.

Administrators representing HECA-sponsored projects including regional consortia, library initiatives, the Illinois Virtual Campus, international initiatives, and the Illinois Satellite Network and an Eisenhower-supported high school science program, noted that Illinois has achieved remarkable cooperation among institutions, and there is no way to accomplish some of the things that are being accomplished without state funding. The regional consortia, for example, provide neutral ground for working through problems and addressing statewide issues.

Funding major long-term programs through HECA presents challenges for administrators. Permanent funding would provide stability and the ability to plan for the longer term, but competing with and within institutions for permanent funding is difficult and "some projects would not survive outside the grant program." On the other hand, some projects would be in a better position to acquire funds from other sources if state funding were assured.

Some projects might be sustained, at least in part, by fees paid by participating institutions. However, sectors and institutions differ in their ability to pay fees, and the state support "provides the glue to keep us together."

These administrators suggested that the BHE staff takes a more active role in facilitating communication and cooperation across similar initiatives including meetings of related groups and joint planning. They also suggested that guidelines be provided for evaluation reports.

## II. Grant Making by Statewide Coordinating Boards

### A National Context

The statutory authority of statewide coordinating boards to allocate funds to institutions and to particular statewide priorities varies widely. Moreover, the ability of coordinating boards to exercise their statutory authority, or to influence directly or indirectly the allocation of funds, also varies widely.

Traditionally, the Illinois Board of Higher Education has played a significantly greater role in budget development and distribution of grant funds than its counterparts in other states. In the area of grant making, the Illinois programs instituted in the 1970's were among the earliest and most innovative approaches among the states —particularly their commitment to private institutions and to inter-institutional cooperation.

Over the past two decades however, a number of state boards have implemented new grant making activities. Grant making in the 1980s and 1990s has been stimulated by the need to improve student learning and assessment; to establish stronger links with the K-12 sector; to stimulate the use of technology in instructional delivery; and to encourage institutions to play a more direct role in community and economic development. Another powerful thread has been to stimulate private investment in higher education in such areas as endowed faculty chairs and centers of excellence.

While other states may have had a later start than Illinois, these newer programs tend to be more relevant to today's educational needs and coordination challenges than the older and more traditional approaches taken in Illinois. Given the tendency of older grant programs to sustain original funding, Illinois grant programs now have less flexibility than more recently developed programs in other states.

Moreover, the Illinois Board of Higher Education, like many state-level coordinating boards, has been reluctant to run programs directly and to support major initiatives through the Board's budget. Rather than assuming responsibility for direct statewide initiatives—such as the articulation initiative, instructional television, or virtual campuses—the Board has used the HECA program to fund these programs. This historical reluctance to assume program administration functions or to include these functions in their budget may have further restricted the creativity of grant making activity.

Statewide grant-making activity can be categorized under four broad approaches. Each of these "pure" approaches has distinctive characteristics, values, and costs, although in practice many grant programs will mix elements in order to gain the advantages of each. The following Table

describes these four different approaches: categorical line items (or budget "earmarks"), formula approaches, competitive grants usually based on a detailed request for proposal, and matching grants.

**Characteristics of Grant Distribution Strategies**

| Characteristic | Categorical Line Items (Earmarks) | Formulas | Competitive (RFP's) | Matching |
|---|---|---|---|---|
| **Underlying Values** | Fund specific priorities | Provide Equity | Reward Excellence | Stimulate Private Investment |
| **Complexity** | Simple | Variable depending on factors | Complex | Simple |
| **Administrative Cost** | Low | Modest | High | Low |
| **Criteria** | Qualitative & Subjective | Quantitative & objective | Qualitative | Quantitative |
| **Discretion of Grant Making Authority** | High | Low | Limited by RFP | Low |
| **Specificity of Use** | Modest | Low | High | Modest |
| **Accountability** | Low | Modest | High | Low |
| **Ongoing vs. one-time projects** | Applicable to both | Ongoing programs | One-time | Applicable to both |
| **Sustainability** | Low unless transferred to "base" | High | Vulnerable in times of cut-back | Vulnerable |

Examples of categorical grants, or earmarks, are numerous. They tend to emerge from either political or system priorities and often are tied to a new organizational entity. "Galileo," the statewide library network of Georgia (a utility for all libraries in the state), can be found with the University System budget. OhioLINK, the counterpart in that state, is funded through a line item in the Ohio Board of Regents' budget. In the area of research, the legislature in Oregon created the Oregon Engineering Education Investment Fund, administered by the state university system. Grants are made through performance-based contracts.

When a statewide priority is broad, a categorical grant of a one-time nature is often combined with a formula approach. The Indiana Commission used this approach to fund technology, while Florida has used it to upgrade library resources. As noted in the table, categorical grants or earmarks have very low administrative costs and can be used to fund specific statewide or

political priorities. On the other hand, their political sustainability may be low, unless they are moved to base budgets. Virtual university consortia have commonly started as categorical grants and ended up in the budgets of more established units—often the state coordinating or governing board. For example, the Electronic University Consortium of the South Dakota Board of Regents is supported through the Board. On the other hand, the Colorado Electronic Community College, which received a legislative earmark, has not been able to sustain its funding.

Formula approaches to grant making are also fairly common, although the factors applied have shifted significantly in recent years. The most common approach and the one viewed as most equitable is per-capita funding based on enrollment. More recently, however, a number of states have adopted performance funding systems that reward institutions for achieving predetermined outcomes. Tennessee has the oldest and most established performance funding system, going back to the early 1980's. Other more recent entrants include Ohio, South Carolina, Missouri, and Arkansas. Except for South Carolina and Tennessee, these programs are relatively modest—usually less than 2% of the budget. Among the most common measures used are graduation, retention, and transfer rates; faculty workload and productivity; volume of sponsored research; level of remediation activities; and pass rates on licensing exams.[29]

In Kentucky, where the state has set specific goals for educational achievement, the coordinating board is considering formula elements, such as county of residence, that focus on specified "low achievement" regions and populations of the state. They are also considering moving the "census" day for enrollment counts from the beginning to the end of the term in order to reward retention. Both of these proposals were "borrowed" from the Higher Education Funding Council of England. These changes in Kentucky are part of a larger reform, which has channeled more than $350 million in the past three years through the Council for statewide priorities in designated "trust funds."

Formula approaches, like categorical grants, are relatively low in cost to administer, provided the underlying data systems are in place (often not the case with the newer performance measures).

The most recent innovation in grant making by state agencies is the competitive grant based on a request for proposal (RFP) that specifies statewide objectives and awards dollars either to individual faculty or to institutions. In some cases, the competitive grant may be viewed as a general entitlement, with the RFP used to gain some specific accountability.

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[29] See *State Survey on Performance Measures: 1996-97*, SHEEO April 1998.

This is often the case with "Centers of Excellence Programs", where each institution eventually gains funds for an agreed-upon priority program.

The Ohio Board of Regents recently added an incentive component to its long-standing Eminent Scholars Program that has pushed Ohio institutions to establish priorities for centers of excellence. The incentive component will provide funds for a one- to five-year period to make doctoral programs relevant to one of three statewide priorities: expanding economic development, strengthening elementary and secondary education, or improving public health and safety. These funds will be distributed on a competitive basis.

Another target for competitive grants has been economic development initiatives. The *Kentucky Innovation Act* (House Bill 572) created a number of new grants programs. The Kentucky Commercialization Fund will be used to translate scientific research conducted at universities into products in the market place (the program is housed with the Council for Postsecondary Education, but will be administered by a science and technology organization.) A second program is a "research and development voucher fund" that will be awarded to small- or medium-sized Kentucky-based firms to undertake research and development with universities. There is also a component that focuses specifically on rural companies to work with post-secondary institutions.

Competitive grants are also used to fund individual faculty, departments, or units in the area of technology. Oklahoma, for example, has used this device to fund technology-based curriculum development.

In competitive programs, grant applications are generally reviewed either by external consultants, state board staff, or both. In all cases however, the process for both the applicant and the review agency is time consuming and costly. This is especially problematic when grant amounts are relatively modest, as they often are. The advantages of competitive processes are the ability to specify outcomes in the RFP and to hold recipients accountable. They also allow the grant agency to apply qualitative or subjective factors in making the awards and to reward excellence.

Matching grants are the final category. They are most commonly used to stimulate private sector investment in "faculty stars" especially in research universities. The largest programs can be found in Texas and Florida. Matching grant programs have also been used in the applied research area, often through independent agencies or units that solicit applied research funds. Administrative costs in matching programs are low, but so too is accountability.

The above analysis suggests that there are fairly direct trade-offs between the complexity and associated administrative costs, which provide relatively high levels of accountability and the more diffuse, less specific, and lower-

cost categorical and formula approaches. However, the use of outcomes measures can improve the accountability of formula approaches, and accountability can be built into categorical approaches in much the same way as quality assurance processes have been developed for academic programs.

**Market Approaches to Accountability**
**And the Problem of Institutionalization**

All grant making agencies, whether public or privately endowed, face the problem of institutionalization and ownership. If, in fact, the proposed activity were of high enough priority, the institution would most likely find the funds internally to carry out the function. Thus funding agencies often find themselves funding low-priority activities—at least in the eyes of senior institutional management. Therefore, "exit strategies" that either promise institutional commitment or terminate the grant after an appropriate experimental period are extremely important.

Funding agencies have taken a number of approaches to this problem. They have required internal matches or refused to fund recurring expenditures such as personnel. They have also required some acceleration of the match over time and established limits for the length of the grant, with no expectation of renewal.

More recently, some foundations (most notably the MacArthur Foundation) have implemented "program related investments" (PRI) which in effect provide low-cost loans that serve as venture capital. Up-front development is supported by the PRI and is also used as collateral for other borrowing. Granting agencies require fairly detailed "business plans" that specify downstream revenues to both pay back the loan and sustain the operation. Such approaches may be especially effective on new academic program development or on products with commercial potential (e.g. learning software) in which the initial investment can be repaid through tuition charges, membership fees, or royalties.

In the area of inter-institutional cooperation, states may want to consider such market-based approaches. Institutions are increasingly entering into associations with other institutions in order to accomplish an agreed-upon goal. (The Merlot project, aimed at promoting the use of digital learning materials, is an example). Institutions pay fees to a lead institution or new organizational structure and receive specific deliverables.

# III. Findings and Recommendations

## General Findings

This evaluation of the grant programs administered by the Illinois Board of Higher Education has focused on these programs as a set of tools to achieve the policy objectives of the Board and the higher education community. This evaluation consisted of reviews and analysis of the history, funding trends, distributions of grant funds, and allocations to activities supporting the goals of *The Illinois Commitment*. Additional information was obtained through meetings with members of the Board of Higher Education, the staff, and representatives of the higher education community.

The Illinois Board of Higher Education has been recognized nationally for its policy innovations, high level of cooperation among public and private institutions, and significant involvement of all sectors in state-level planning. The grant programs administered by the Board were unique when they were first developed, and over the years have supported the development of important innovations. The strengths of these programs are reflected in the findings of this evaluation:

- The grant programs have credible policy foundations and continue to be directed toward their original purposes.
- As the policies and priorities of the Board of Higher Education have been revised and refined over the past three decades, the grant programs have remained compatible with the fundamental values.
- The grants have been administered with close attention to the priorities for higher education and other components of the higher education budget.
- The HECA program has supported an array of exemplary cooperative initiatives and notable innovations.
- The grant programs reflect a substantial commitment to access and success for minority students.
- Many of the programs effectively leverage higher education's resources.

Overall, there appears to be a high level of satisfaction with the grant programs among members of the Board of Higher Education, staff, and the higher education community. The concerns that have been expressed have more to do with process and communication than the purposes of the programs and the allocation decisions made. However, the consultants

believe that there are some areas for improvement. The following objectives are the focus of the consultants' recommendations:

1. Strengthen the Board's ability to advance the goals and priorities of *The Illinois Commitment*

2. Expand incentives for responsiveness, creativity and innovation

3. Improve accountability and reduce administrative processes

**Priorities of *The Illinois Commitment***

There seems to be consensus that the grant programs ought to be more closely aligned with the goals of *The Illinois Commitment.* In a general way, each of the programs can be aligned with one or more of the goals—both the purposes of the grant programs and the goals of *The Illinois Commitment* are based on the fundamental values of higher education. However, some programs may not represent the highest priority within the goals, and some priorities are not reflected. Similarly, the levels of funding may not be consistent with relative priorities.

For example, many states have recently implemented grant programs to support economic and workforce development. Although the table in Section I of this report shows that almost $34 million in grant funds are dedicated to economic growth, over 90% of these funds are distributed to research or health education. The ability to address other priorities is very limited.

The Board continually reorders its priorities and refines its action plans as progress is made or as external changes bring new challenges. During this study, the Board staff identified the immediate priorities for *The Illinois Commitment* for 2000-2001. These priorities are summarized in the following table. For example, the shortage of information technology experts, which did not exist five years ago, currently overshadows the need for engineers or health professionals. Although the Board can address challenges like this in budget recommendations for public institutions, it has few options for providing incentives for private institutions or cooperative endeavors. Problems that require collaborative solutions—the establishment of multi-institutional instructional center, development of a comprehensive consumer information system, or an articulation initiative—are also difficult to address in the regular budget process.

| **The Illinois Commitment<br>2000-2001 Immediate Priorities** | |
|---|---|
| **Goals and Related Actions**[30] | **Immediate Priorities**[31] |
| ***Goal 1: Higher education will help Illinois business & industry sustain strong economic growth.***<br><br>Action: Adjust the capacity of occupational & professional programs to keep the supply of graduates in balance with employment demand. | The Board of Higher Education will continue its priority on expanding the supply of well-educated & trained information technology graduates. |
| ***Goal 2: Higher education will join elementary & secondary education to improve teaching & learning at all levels.***<br><br>Actions:<br>Jointly develop measures of student achievement that are useful to students, parents, schools, colleges & universities.<br>Collaboratively raise standards for the initial preparation & continuing professional development of classroom teachers.<br>Increase student & teacher access to learning resources through high quality, high-speed Internet connections & other technologies. | The Board of Higher Education will set as a major priority the alignment of high school & higher education standards, curricula, & student assessment for the purpose of improving student preparation prior to entry in post-secondary education & the work force & for improving academic performance in colleges & universities.<br><br>In addition, the Board will focus on the improvement of teacher education programs & the delivery of teacher education curricula & professional development for in-service teachers, using multi-media technologies & strategies such as video networks & the Illinois Century Network. |
| ***Goal 3: No Illinois citizens will be denied an opportunity for a college education because of financial need.***<br><br>Actions:<br>Ensure that the net costs to students rise no faster than their ability to pay.<br>Increase efforts to inform parents, students, & potential students of ways to save for college, of college costs, & of available student aid. | The Board of Higher Education will continue to place priority on activities which place downward pressure on college costs & activities which support need-based scholarship programs, including early awareness & other outreach activities. |

[30] *The Illinois Commitment: Partnerships, Opportunities, and Excellence.* (February 1999)

[31] Staff memorandum September 1, 2000.

| **The Illinois Commitment 2000-2001 Immediate Priorities** | |
|---|---|
| **Goals and Related Action** | **Immediate Priorities** |
| ***Goal 4: Illinois will increase the number & diversity of citizens completing training & education programs.***<br><br>Action: Create the technology infrastructure, new types of institutions, & new partnerships to expand access to education & training programs & services. | The Board of Higher Education will increase its efforts to improve educational attainment of *all* citizens & increasing the diversity of students who attain certificates & degrees at all levels, including creating baccalaureate completion programs in high demand fields targeted especially serving community college students. |
| ***Goal 5: Illinois colleges & universities will hold students to even higher expectations for learning & will be accountable for the quality of academic programs & assessment of learning.***<br><br>Action: Provide support & incentives for development of assessment tools, benchmarking, & quality assurance processes. | In support of its commitment to improving its own quality assurance processes, the Board will place a priority on activities that address the institutionalization of assessment & improvement across all academic programs & general education at institutions of higher education. |
| ***Goal 6: Illinois colleges & universities will continually improve productivity, cost-effectiveness, & accountability.*** | To continue its long-held priority of institutional accountability & to improve responsiveness to state priorities & public accountability, the Board will place special emphasis on creating a statewide student record system with its K-12 partners & all public & independent institutions of higher education. In addition, the Board will place a priority on the development of a statewide consumer education, protection, & information system. |

**Responsiveness, Creativity and Innovation**

While the grant programs have been used effectively to address past priorities, we believe that they need a fresh look and updating. Too many programs are continuing for the sake of tradition only. For example, the three oldest and largest grant programs may have lost their impact over time. The consultants observed that the Financial Assistance and the Health Education programs, each representing over $20 million, are entitlements

and not effective levers for change. With formulas based on enrollment, the programs emphasize capacity. While capacity is important, it is not currently among the highest priorities.

While HECA should be the most flexible tool for promoting statewide priorities, a large proportion of program funds are dedicated to organizations and services that have long-term, even permanent, missions. Relatively few funds are available to provide venture capital for new cooperative enterprises that respond to immediate priorities. In addition, included among the long-term projects are activities that are so fundamental to the responsibilities of institutions, such as the minority articulation programs, that they should be funded through institutional budgets rather than grant programs.

**Administration and Accountability**

While the HECA statute accommodates both continuing and short-term projects, administering and evaluating the two types of projects with the same processes is not be optimal. For example, regional consortia and multi-university centers submit new proposals annually as if continued funding was always in doubt. However, these organizations have to plan and operate on a long-term, if not permanent, basis. Similarly, communicating and reporting on HECA projects without making distinctions between continuing and short-term projects provides an unclear picture of the overall accomplishments of the grant program. In addition, the Board may want to consider how funds should be divided between continuing and short-term projects, perhaps reserving some funds for experimental projects.

Each grant award is audited annually for compliance with eligibility criteria and other standards specified in the administrative rules. With the exception of the recently-developed Research Matching program, none of the programs have comprehensive evaluation procedures that assess the attainment of the general goals of the program. A recent comprehensive review of minority fellowship programs and planned evaluations of the HECA-sponsored Illinois Articulation Initiative and the Research Matching program may serve as the models for reviews of other components of the grant programs.

Few of the programs require institutions to report information about the outcomes of a funded project. Most were developed when little attention was paid to evaluation of outcomes. When information about outcomes is provided, it is not always useful in assessing the statewide impact of the program. The Health Education program, for example, requires institutions to submit a report on the location and activity of graduates. However, Board staff report that the information is generally not complete and rarely provides a meaningful assessment of outcomes within an institution, much less across the entire program.

## Recommendations

The recommendations presented in this section suggest methods for strengthening the ties between the grant programs and the immediate priorities of *The Illinois Commitment;* fostering innovation and creativity; and improving accountability while reducing administrative processes. Some of the suggestions can be accomplished within existing statutes and rules, while others may require substantial revisions.

### Advancing *The Illinois Commitment*

1. ***Use formula elements that align the Financial Assistance and Health Education programs to the goals of the Illinois Commitment.***

   The Financial Assistance and Health Education programs currently emphasize capacity by distributing funds through formulas based on the number of students enrolled on a certain day early in the fall term. The Financial Assistance formula has higher rates for third- and fourth-year students. The grant rates in the Health Education program differ by field, and an additional grant is made for each minority student. This emphasis on capacity was appropriate in the 1970s but less important within the current policies and priorities of Illinois higher education.

   If added or substituted in the formula, one or more of the following elements would align the distribution of grant funds more closely with the goals of *The Illinois Commitment:*

| Element | Emphasis |
|---|---|
| County of Residence | Low income, educationally disadvantaged or under-served regions or populations |
| End-of-term enrollment or credit hours earned | Retention, academic achievement |
| Degrees awarded | Persistence and completion, academic achievement |
| Degrees awarded in key disciplines | Economic and workforce development |
| Transfer status | Articulation, access |
| Pass rates on licensure examinations | Academic achievement, workforce development |
| | |

Using outcome measures provides some automatic accountability. The institution is rewarded after the fact for achieving a specific policy objective. Analysis and reporting are relatively simple and adjustments to accommodate emerging priorities can be made relatively easily.

An alternative is to require participating institutions to submit an annual report on their contributions to *The Illinois Commitment.* This approach provides considerable flexibility and accommodates differences among institutions. The reports from institutions can make a good case for individual contributions and have the potential to provide a rich source of information. However, unstructured qualitative reports from multiple institutions are very difficult for a coordinating board staff to evaluate and summarize. Further, a reporting requirement without feedback or consequences tends to become a hollow exercise very quickly.

2. ***Consolidate existing project categories into new categories tied directly to* The Illinois Commitment's *goals: economic growth, teaching and learning at all levels of education, affordability, access, diversity, high expectations and quality, and productivity and accountability.***

New labels for HECA project categories will clarify the connection to *The Illinois Commitment.* RFPs can provide guidance to institutions about the specific components of the action plan that will be given priority within each category. Selection criteria and evaluation measures may be tailored for each category and updated periodically as the Board refines its short-term priorities.

3. ***Strengthen incentives for participation in minority fellowship programs.***

Illinois has made a notable commitment to minority student achievement at the graduate level through its minority fellowship programs. However, the payback provision of the Educational Opportunity program, although politically attractive, is educationally impractical. The "grow your own" strategy of the late 1980s and early 1990s has met with marginal success. Payback criteria ultimately work against the goals of minority fellowship programs by significantly limiting the employment opportunities available to graduates. Often, better students will find support with no strings attached and, over time, the overall quality of the participants in fellowship programs may decline. Elimination of payback requirements would reduce the administrative cost of the program and encourage reciprocal arrangement with other states.

The Board also might take steps to increase awareness about the minority fellowship programs and encourage participating institutions

to assist in making sure that minority undergraduates are aware of the programs. Expanding the activities and services provided to scholars might also be considered. For a relatively small investment, additional services and coordinated follow-up and evaluation activities would enhance the overall quality of the programs and improve retention and completion. The Doctoral Scholars Program of the Southern Regional Education Board provides a model for central coordination and expanded services.

**Expanding Incentives for Responsiveness, Creativity and Innovation**

4. ***Organize the Financial Assistance Act program into two components, Access Grants and Illinois Commitment Grants.***

Access Grants would be linked directly to the goal "Illinois will increase the number and diversity of citizens completing training and education programs." Grants would be distributed on the basis of enrollment, under the current provisions of the statute. End-of-term enrollment would provide an emphasis on retention and academic achievement. Consideration might be given to substituting or adding outcome measures if statutory changes are contemplated.

Illinois Commitment Grants would support projects undertaken by private institutions that make a highly significant contribution to achieving the goals of the Illinois Commitment. Both short-term and long-term awards might be included in the program. Short-term awards would be distributed to individual private institutions on a formula or competitive basis for the *planning and development* of new initiatives that address the immediate priorities of the Board. Examples include assessment programs, new world-class instructional programs, or other activities that have the potential to improve substantially instructional quality or student achievement.[32]

Longer-term grants might be distributed on either a formula or competitive basis for unique contributions of individual institutions.

For purposes of discussion, the consultants suggest that this program could be supported by reallocation of 10% from the Financial Assistance program and 10% reallocated from Health Education.

5. ***Establish two funding classifications within HECA, Enterprise Grants and Renewable Grants.***

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[32] Section 6 of the *Illinois Financial Assistance Act for Nonpublic Institutions of Higher Learning* provides for the distribution of awards to nonpublic institutions or consortia "for special services, programs needed, or for the performance of other tasks to meet the State's higher education needs."

Enterprise grants would provide start-up funds for new cooperative ventures that would be expected to be self-supporting or supported by another source of funds at the end of the grant period. These grants could also be used for policy-related pilot projects and experimental initiatives that would be funded for a short period of time and, if successful, transferred to a line item in the appropriate budget. Enterprise Grants would be distributed through a competitive process and proposals would be judged on the soundness of the business plan in addition to qualitative criteria. The consultants suggest that 40 to 50% of HECA grant funds be designated as Enterprise Grants.

A second portion of HECA funds would be dedicated to Renewable Grants that would provide long-term, but not necessarily permanent, support for organizations or services that have substantial statewide benefits and require continuing state support. Organizations or services would be initially selected through a competitive process with very high standards.

After initial approval or recognition, these services and organizations would not participate in an annual competitive process but would be included in the Board's budget development process. Evaluations would be considered during the budget development process so that awards for Renewable Grants could be distributed early in the fiscal year. (Enterprise Grants would be award on a competitive basis and funds distributed later in the year.) Renewable projects would be reviewed on a cyclical basis and be expected to maintain quality and performance standards. Evaluation policies would provide for elimination of programs that no longer contribute to statewide priorities or that fail to maintain quality and performance standards. Both the selection of new Renewable projects and evaluation of continuing activities might be structured under the Recognition provision (Section 5) of the Higher Education Cooperation Act.

The recommendation to adopt two funding classifications for HECA carries with it the suggestion that support be discontinued or phased out for current projects that can neither become self-supporting nor meet high standards for a Renewable Grant. Some activities currently supported through HECA, such as the minority transfer centers, are part of the fundamental responsibilities of institutions and could be appropriately transferred to institutional budgets, perhaps as restricted funds.

Some continuing organizations, such as regional consortia and similar cooperative projects, might require new funding strategies. One strategy, a market approach, would provide all institutions, through a formula mechanism, a set amount of dollars for "inter-institutional cooperation." Institutions could then use these funds to pay

membership fees in cooperatives of their choice. In essence, this switches the funding for cooperation from the provider to the consumer. Accountability shifts as well. Regional consortia would be responsive and accountable to their members or go out-of-business. Those closest to the activity, not the staff of the state board, would be making decisions as to the value of the consortia. The state board could exercise its control by specifying the types or names of consortia that institutions could join with state funds, leaving the choice of consortia to the institution.

6. ***Create a Critical Workforce Grant Program.***

The Critical Workforce Grant Program would respond promptly to new workforce needs for education by supporting expansion or development of new educational programs in specific high-demand fields. Funds would be distributed to public or private institutions based on the number of degrees or certificates granted, or perhaps increases in the number of awards.

This program could be incorporated into one of the other grant programs, but higher visibility would be achieved with a stand-alone program. For purposes of discussion, the consultants suggest that the program be funded by a reallocation of 10 to 20%from the Health Education program. Consideration might also be given to consolidating the Engineering Equipment and Work Study programs into this program.

**Improving Accountability and Reducing Administrative Processes**

7. ***Establish appropriate mechanisms for funding long-term statewide programs.***

The Board has provided critical leadership for the development of several long-term statewide initiatives, including the cooperative collection development and digital library initiatives, an interactive instructional television system, a statewide articulation initiative, multi-university centers, and virtual campuses. These programs are characterized by long-term purposes, broad involvement of colleges and universities, and effective leveraging of institutional and state resources.

Funding these initiatives on a continuing basis through the HECA program has had some negative aspects. As the commitment to long-term programs has grown, fewer funds are available for initiatives that address immediate priorities. Long-term projects are required to participate annually in a competitive grant process. The competitive process, appropriate for short-term or one-time initiatives, does not provide adequate accountability for long-term programs and burdens

both institution and Board staff with paperwork. Annual reports are submitted but, with notable exceptions, comprehensive evaluations are not conducted. Finally, for many of these projects, funding through HECA's annual competitive process makes it difficult to conduct financial planning and to communicate to other external funders that Illinois has made a long-term commitment to their project.

Consideration should also be given to moving other types of grants and other HECA-sponsored projects to new sources of funding. For example, activities that are fundamental responsibilities of institutions, such as articulation programs for minority students, might be more appropriately funded through the base budgets of institutions. The Engineering Equipment grants, which also support a basic institutional function, might be consolidated into another grant program or transferred to institutional budgets.

Depending on the project, one or a combination of the following funding methods might be used:

- Creation of a line item in the Board of Higher Education budget
- Direct funding to separate entity such as an organization of institutions
- Inclusion as ear-marked funds in the budgets of one or more institutions
- Self-support through fees from participating institutions or users
- Continued funding in a separate category within one of the grant programs

The selection of a funding mechanism for each continuing project will depend upon several factors, including the types of participating institutions, breadth of participation, history of project development and leadership, and lines of communication and accountability. It may be appropriate for the Board itself to accommodate some projects within its own budget and perhaps manage selected programs, at least in their initial stages.

8. ***Reduce administrative processes and strengthen accountability by consolidating applications for formula-driven programs, requiring quantitative performance measures, conducting periodic performance audits of major programs and groups of similar programs, and developing mechanisms for disseminating best practices.***

In addition to reorganizing and restructuring the grant programs themselves, the Board may consider the following changes to processes, suggested to reduce the administrative burden for the Board and institutions participating in grant programs:

- Consolidate the applications for formula-driven programs and develop a system for processing applications electronically. Use a set of straightforward outcome measures such as degrees granted or placement in jobs in Illinois for these programs.

- Require all grant-funded projects to identify and annually report quantitative measures that are tied to specific objectives. For example, transfer centers would be required to report how many students successfully transferred to a four-year institution without loss of credit. A program designed to help high school students prepare for careers in certain fields might not be able to track students through college to employment placement but they should report on acceptance into the appropriate college program. (Whether a project proposal shows a good evaluation plan can be an approval criterion.) Uniform annual reporting requirements should be developed for similar projects. Continuing projects that do not provide reports or are failing to meet their objectives would be eliminated.

- Using *Performance Audit of Illinois' Minority Graduate Fellowship Programs* as a model, review major projects and groups of similar projects on a periodic basis with a fixed schedule. Groups could include projects supported by different grant programs such as the HECA supported P-16 initiatives and Eisenhower projects.

- Develop mechanisms for dissemination of best practices across similar projects.

## Concluding Comments

In developing this report, the consultants considered the difficulties in making changes to well-established programs and attempted to craft feasible recommendations. For example, developing Illinois Commitment Grants in the Financial Assistance program and reorganizing HECA categories and funding classifications seem to be consistent with the current statutes. Changing the census day for Financial Assistance and Health Education from early to late in the term or year could be accomplished by changes to rules, but using other data elements might require statutory changes. Establishing new funding mechanisms for long-term statewide programs may require several types of changes.

The recommendations call for reallocations from the Health Education program to the Illinois Commitment and Critical Workforce grant programs. While health education continues to be important, workforce demands change and new priorities emerge periodically. Historically, the Health Education program has frequently lapsed funds so the overall effect on institutions participating in the program may not be substantial.

The recommendations were also designed to reduce some of the administrative responsibilities. Overall, there should be a fairly substantial reduction in the volume of grants handled through labor-intensive competitive processes. At the same time, a new competitive program was suggested—the Illinois Commitment Grants within the Financial Assistance—to give the Board an additional tool to provide incentives for private institutions to make unique contributions to *The Illinois Commitment*.

This report does not include recommendations on two recently established programs—the Illinois Century Network and the Research Matching Program. Both programs are too new to be able to assess their impact or identify strengths and weakness. The consultants note, however, that these programs combined with related HECA projects represent recent and substantial investments in technology and research. Research Matching program, Advanced Photon Source, and Fermi Accelerator Research are to receive over $15 million in fiscal year 2001. While technology has been the subject of considerable policy development, the substantial investment in research may not be fully recognized by the higher education community and has not been the subject of policy discussions.

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Submitted
September 28, 2000
Ansley Abraham
James Mingle
Kathleen Kelly

**Attachment**

## Goals of the Illinois Commitment
## Adopted by the Illinois Board of Higher Education
## February 1999

| **The Illinois Commitment: Partnerships** | |
|---|---|
| **Goal 1**<br>**Economic Growth**<br><br>**Higher education will help Illinois business and industry sustain strong economic growth.** | **Goal 2**<br>**Teaching and Learning**<br><br>**Higher education will join elementary and secondary education to improve teaching and learning at all levels.** |
| **Actions** | |
| Update instruction, curricula, and assessment on the basis of regular surveys of employers about what graduates need to know and need to be able to do. | Provide high school students access to high quality college-preparatory, Tech-Prep and AP courses and dual enrollment opportunities. |
| Expand opportunities for work-based learning and clinical experiences. | Jointly develop measures of student achievement that are useful to students, parents, schools, colleges, and universities. |
| Expand business-university partnerships to pursue promising areas of research in technology and other fields. | Collaboratively raise standards for the initial preparation and continuing professional development of classroom teachers. |
| Streamline program development and approval processes at campus and state levels to encourage innovation and risk-taking. | Expand and support programs that foster higher educational aspirations and achievement among minority students. |
| Adjust the capacity of occupational and professional programs to keep the supply of graduates in balance with employment demand. | Increase student and teacher access to learning resources through high quality, high speed Internet connections and other technologies. |
| Expand opportunities to advance knowledge in a broad range of fields through basic and applied research conducted by institutions with strong research missions. | |
| **Results and Accountability** | |
| Annually increase the number of businesses and industries directly served by colleges and universities through education and training programs, public service, and research. | Annually increase the number of high school students who complete the courses needed to prepare for college and for work, who complete Tech-Prep and AP courses, and who participate in dual enrollment programs. |
| Annually increase the number of graduates with the skills and knowledge needed to meet new or emerging occupational demand. | Annually reduce the number and percent of recent high school graduates who need remedial courses at colleges and universities. |
| By 2004, all occupational and professional programs will demonstrate through assessment that graduates possess the knowledge and skills necessary for success in the workplace. | Annually increase the number of new teachers and improve the qualifications and skills they bring to the teaching profession. |
| | Annually increase the number of Master Teachers in Illinois, increasing to 500 by 2002. |

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| The Illinois Commitment: Opportunities | |
|---|---|
| **Goal 3**<br>**Affordability**<br><br>**No Illinois citizen will be denied an opportunity for a college education because of financial need.** | **Goal 4**<br>**Access and Diversity**<br><br>**Illinois will increase the number and diversity of citizens completing training and education programs.** |
| **Actions** | |
| Ensure that net costs to students rise no faster than their ability to pay. | Create the technology infrastructure, new types of institutions, and new partnerships to expand access to education and training programs and services. |
| Increase efforts to inform parents, students, and potential students of ways to save for college, of college costs, and of available student aid. | Expand access to services, training, and academic programs particularly for non-traditional students—the employed, minority and older students, and economically disadvantaged. |
| Develop schedules, programs, and incentives to assure that students can achieve their academic objectives in a timely manner. | Identify "what works" for non-traditional students and support expansion of effective programs. |
| Support efforts to shift the emphasis of federal student financial aid programs from loans to grants. | Routinely conduct surveys of Illinois citizens and current students to identify and address their needs for programs and services. |
| Develop a consumer information system to help students make good educational choices. | Smooth the transitions from high school to college and from one college to another. |
| | Study the migration of college students and the migration of well-educated workers into and out of Illinois. |
| | Adjust capacity and program options to accommodate a 12 percent increase in high school graduates and a large increase in nontraditional students. |
| **Results and Accountability** | |
| The net cost to students will increase no faster than their ability to pay. | Annually increase the percentage of the Illinois population that has achieved each successive level of education and the percentage of minority graduates at each level of attainment. |
| Annually increase retention and graduation rates while maintaining high academic standards. | Annually increase the college-going rates of Illinois high school graduates. |
| Annually increase the number of students enrolled from the lowest income categories. | Annually increase the number of college and university students who earn a certificate or a degree and who do so in a timely manner, as appropriate to their circumstances and academic programs. |
| | Annually expand the number of Illinois adults enrolled in credit programs and non-credit training. |

| The Illinois Commitment: Excellence | |
|---|---|
| **Goal 5**<br>**High Expectations and Quality**<br><br>**Illinois colleges and universities will hold students to even higher expectations for learning and will be accountable for the quality of academic programs and the assessment of learning.** | **Goal 6**<br>**Productivity and Accountability**<br><br>**Illinois colleges and universities will continually improve productivity, cost-effectiveness, and accountability.** |
| **Actions** | |
| Provide support and incentives for development of assessment tools, benchmarking, and quality assurance processes. | Build new programs upon distinctive strengths of individual colleges and universities and partnerships among institutions. |
| Develop a new definition of quality that requires all programs to be state-of-the-art and relevant to life and work, as appropriate to the academic discipline. | Support new programs and services and improve quality through internal reallocation and cost savings, as well as through state support and tuition and fees. |
| Integrate awareness of civic and professional ethics and responsibilities into programs, courses, and work experiences. | More creatively use existing facilities, new technologies, and partnerships among institutions to expand access and quality. |
| Create new programs and revise existing programs in response to societal, student, and workforce needs. | Continuously streamline and improve the efficiency and responsiveness of administrative and support functions. |
| Improve each institution's ability to attract and retain high quality faculty and staff, including individuals from diverse backgrounds. | |
| Encourage and support programs that enhance understanding of diverse cultures and international perspectives. | |
| Increase the ability of faculty to effectively use technology in teaching and learning. | |
| **Results and Accountability** | |
| By 2004, all academic programs will systematically assess student learning and use assessment results to improve programs. | Reallocation of base budgets from lower to higher priority programs and services will be expected and reported annually. Such reallocations should exceed one percent of the base budget. |
| Annually increase the pass rates of Illinois students on nationally standardized tests and licensure examinations. | Specific objectives, expected results, and accountability measures will accompany any request for new resources, either from the state or from students. |
| Annually increase the placement of graduates in careers appropriate to their education and training. | New state resources will be allocated by institutions to activities that support statewide goals, productivity, and cost-effectiveness. |
| Increase the satisfaction of employers with the job preparation of graduates. | Colleges and universities will identify their contributions to achievement of statewide goals and productivity improvements, and annually report specific evidence of their accomplishments. |



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